



**House
Legislative
Analysis
Section**

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PAYMENT OF DIVIDENDS

House Bill 5014
Sponsor: Rep. John Llewellyn
Committee: Insurance

Complete to 9-13-95

A SUMMARY OF HOUSE BILL 5014 AS INTRODUCED 9-12-95

Section 1343 of the Insurance Code provides that when a domestic (i.e., Michigan-based) insurance company that is a member of a holding company declares a dividend, the company must report the dividend to the insurance commissioner within 5 days after declaring the dividend and at least 10 business days (beginning from the date of receipt by the commissioner) before the payment. The act says the commissioner may enter an order prohibiting the payment of the dividend if he or she determined that the insurer's surplus as regards policyholders is not reasonable in relation to outstanding liabilities and is not adequate to its financial needs so that it will not continue to comply with specified code provisions. House Bill 5014 would delete the provision regarding the commissioner's order prohibiting the dividend payment.

MCL 500.1403

House Bill 5014 (9-13-95)